

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**1. Name and Address of Company**

Journey Energy Inc. (“**Journey**” or the “**Corporation**”)  
Suite 700, 517 – 10<sup>th</sup> Avenue SW  
Calgary, AB, Canada T2R 0A8

**2. Date of Material Change**

November 2, 2020

**3. News Release**

A news release with respect to the material change described herein was issued by Journey on November 2, 2020 through CNW Group and filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”).

**4. Summary of Material Change**

On November 2, 2020, Journey announced that it has entered into definitive agreements for the sale of assets in both its Countess, Alberta area (including Journey’s newly commissioned 4.2 megawatt power project (the “**Power Project**”) (the “**Countess Asset Sale**”) and also minor, non-core producing assets in the Telfordville, Alberta area (the “**Telfordville Asset Sale**”, and collectively with the Countess Asset Sale, the “**Asset Sales**”). Total proceeds from the Asset Sales of approximately \$15 million before closing adjustments will be used to retire a portion of the indebtedness associated with new term loans advanced from the Alberta Investment Management Corporation on October 30, 2020 (the “**2020 Term Debt**”).

**5. Full Description of Material Change**

**5.1 Full Description of Material Change**

On November 2, 2020, Journey announced that it has entered into definitive agreements for the Asset Sales. Total proceeds from the Asset Sales of approximately \$15 million before closing adjustments will be used to retire a portion of the indebtedness associated with the 2020 Term Debt.

A definitive agreement for the Countess Asset Sale was entered into on November 2, 2020. The Corporation commissioned the Power Project on September 29, 2020 and approximately 750 mcf/d of natural gas from the Corporation’s Countess producing wells is currently being consumed by the Power Project.

Production from all assets being sold under the Asset Sales is approximately 8,900 mcf/d and 90 bbl/d of liquids (oil and natural gas liquids). In addition to the Power Project, the producing assets being sold in the Asset Sales include 455 gross (439 net) wells and have associated asset retirement obligations of approximately \$30 million (uninflated and undiscounted). Closing of the Asset Sales is expected to occur on or before December 15, 2020, and the Asset Sales are not subject to any government approvals.

On November 2, 2020, the Corporation further announced that it has been proactive in reducing its cost structure to be more representative of the size of the business moving forward. Current staffing levels have been reduced by ten employees since April of 2020, and this is expected to reduce corporate general and administrative costs by approximately \$1.0 million per year. The full impact of these initiatives is expected to be realized after the first quarter of 2021. The Corporation has also worked closely with its landlord to renegotiate the head office lease. In addition to a reduction in rent, the landlord has agreed to take back approximately one-third of current office space. This new lease agreement is effective on November 1, 2020 and will allow Journey to realize approximately \$5 million in overall savings (for both base rent and operating cost recoveries) between November 1, 2020 and the expiry of the original lease in February of 2024. These cost reduction initiatives, along with a reduction in ongoing interest costs, largely offsets the reduction in cash flow from the Asset Sales.

## **5.2 Disclosure for Restructuring Transactions**

Not applicable.

## **6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

## **7. Omitted Information**

Not applicable.

## **8. Executive Officer**

For further information, contact Gerry Gilewicz, Chief Financial Officer, at (403) 303-3238.

## **9. Date of Report**

November 12, 2020

## **ADVISORIES**

*Information in this material change report that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws, which involves substantial known and unknown risks and uncertainties, most of which are beyond the control of Journey, including, without limitation, those listed under "Risk Factors" and "Forward Looking Statements" in the Annual Information Form filed on www.SEDAR.com on March 30, 2020. Forward-looking information may relate to our future outlook and anticipated events or results and may include statements regarding the business strategy and plans and objectives. Particularly, forward-looking information in this material change report includes, but is not limited to, information concerning the closing of the Asset Sales, the repayment of a portion of the 2020 Term Debt and the potential savings from the various cost cutting initiatives. Journey cautions investors in Journey's securities about important factors that could cause Journey's actual results to differ materially from those projected in any forward-looking statements included in this material change report. Forward-looking information contained in this material change report is based on the Corporation's current estimates, expectations and projections, which Journey believe are reasonable as of the current date. No assurance can be given that the expectations set out herein will prove to be correct and accordingly, you should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While the Corporation may elect to, Journey is under no obligation and does not undertake to update this information at any particular time except as required by applicable securities law.*

*Readers are cautioned that the above list of risks and factors are not intended to be exhaustive. Additional information on these and other factors that could affect our operating and financial results are, or will be, included in reports filed with the applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)).*